

## Message Text

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ACTION DOTE-00

INFO OCT-01 EUR-12 ISO-00 CG-00 INT-05 TRSE-00 PM-03 EB-07

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R 211740Z MAR 75

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 5970

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E.O. 11652: N/A

TAGS: EWWT, CA

SUBJECT: ST. LAWRENCE SEAWAY: TOLLS

REF: OTTAWA 297, OTTAWA 551

1. FOLLOWING IS TEXT OF ARTICLE ENTITLED "DECISION  
EXPECTED IN MAY ON SEAWAY" BY ALBERT SIGURDSON FROM  
MARCH 20 TORONTO GLOBE AND MAIL.

BEGIN TEXT. THE ST. LAWRENCE SEAWAY AUTHORITY EXPECTS  
A CABINET DECISION IN MAY ON ITS REFINANCING PROPOSALS FOR  
THE SEAWAY, INCLUDING ELIMINATING THE \$800-MILLION IN  
DEBT AND INCREASING TOLLS, ACCORDING TO PAUL NORMANDEAU,  
PRESIDENT.

ON THE WELLAND CANAL MR. NORMANDEAU HAS RECOMMENDED THAT,  
INITIALLY AT LEAST, TOLLS BE CHARGED IN ADDITION TO THE  
\$100 LOCKAGE FEE FOR EACH OF THE EIGHT LOCKS.

"TOLLS AT THE WELLAND WOULD BE PHASED IN, STARTING  
PROBABLY AT THE OLD LEVEL, DEPENDING ON WHAT THE  
MINISTERS THINK OF IT."

BEFORE TOLLS WERE TAKEN OFF THE WELLAND CANAL IN 1962,  
TRAFFIC WAS CHARGED 2 CENTS A REGISTERED TON ON THE  
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SHIP, PLUS 2 CENTS A TON ON BULK CARGO AND-OR 4 CENTS

A TON ON GENERAL CARGO.

MR. NORMANDEAU SUGGESTED THEY WOULD INCREASE ANNUALLY FROM THAT BASE.

IN THE MONTREAL TO LAKE ONTARIO SECTION, WHERE TOLLS ARE CURRENTLY 40 CENTS A TON ON BULK AND 90 CENTS A TON ON GENERAL CARGO, MR. NORMANDEAU FAVORS PUTTING THE INCREASE ONLY ON BULK CARGOES.

"IN MY PERSONAL VIEW, LET'S JACK UP THE 40 CENTS AND LEAVE THE 90 CENTS.

"FIRST OF ALL, IT'S A LITTLE DIFFICULT TO JUSTIFY THE DIFFERENCE BETWEEN BULK AND GENERAL CARGO. THERE, YOU COULD INCREASE YOUR BULK SOMETHING LIKE 10 CENTS A TON, AND THAT WOULD PRODUCE THE NECESSARY INCREASE IN REVENUE.

"THIS IS AN INSTANCE WHERE WE WOULD CERTAINLY DEFER TO OUR AMERICAN COLLEAGUES' WISHES.

"ALTHOUGH THE INCREASE WOULD BE MUCH MORE DIFFICULT FOR THEM (BECAUSE OF A U.S. POLICY OF TOLL-FREE WATERWAYS AND POWERFUL LOBBIES), I AM VERY ENCOURAGED BY WHAT I HEAR FROM WASHINGTON."

THREE YEARS AGO, THE U.S. ST. LAWRENCE SEAWAY DEVELOPMENT CORP., WHICH OWNS TWO OF THE SEVEN LOCKS IN THE ST. LAWRENCE SECTION, HAD THE INTEREST ON ITS DEBT FOREGIVEN BY THE U.S.HCGOVERNMENT. HOWEVER, THE UNITED STATES TURNED DOWN TWO PREVIOUS REQUESTS BY THE CANADIANS FOR A TOLL INCREASE. MR. NORMANDEAU SAID HE WILL NOT APPROACH U.S. OFFICIALS ON TOLLS UNTIL HE HAS A FORMAL COMMITMENT FROM THE CABINET.

IF ALL THE CLEARANCES ARE OBTAINED, THE INCREASES WOULD GO INTO EFFECT NEXT YEAR.

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BEFORE PRESENTING THE BID TO THE CABINET, HE SAID HE WILL CONSULT REPRESENTATIVES FROM THE FINANCE DEPARTMENT AND TREASURY BOARD TO PREPARE IT IN MEMORANDUM FORM.

HE IS UNCERTAIN ABOUT HOW THE REFINANCING PART WILL BE GREETED.

"THERE IS A CONCEPT THERE THAT IS PROBABLY ABHORRENT TO THEM. THEY PROBABLY CONSIDER THAT CAPITAL CALLS FOR REPAYMENT WITH INTEREST."

BUT, "AS I UNDERSTAND IT, THE CANADIAN GOVERNMENT IS WILLING TO GO AHEAD ALONG THE LINES THAT I PROPOSE."  
END TEXT.

2. NORMANDEAU CONFIRMED TO TCO ACCURACY OF THE ABOVE ARTICLE WHICH WAS BASED ON AN INTERVIEW WITH HIM. HE ALSO SAID HE HAS LEARNED THERE IS SIGNIFICANT CABINET SUPPORT FOR RESTRUCTURING PROPOSALS WHICH HAVE BEEN PREPARED IN MOT.

3. ACTION REQUESTED: EMBASSY WOULD APPRECIATE RECEIVING WASHINGTON'S CURRENT THINKING ON SEAWAY TOLLS QUESTION SO THAT WE MAY PROVIDE PROPER SUPPORT OF USG INTERESTS. A DISTINCTION MIGHT BE MADE BETWEEN POINTS WHICH CAN BE CONVEYED TO OUR GOC CONTACTS AND THOSE WHICH WOULD BE INTENDED FOR OUR OWN GUIDANCE.

PORTER

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## Message Attributes

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